



FmHA AN No. 2095 (1951)

May 24, 1990

SUBJECT: Revised Administrative Offset Regulations

TO: State Directors, District Directors, and County Supervisors

PURPOSE/INTENDED OUTCOME: This Administrative Notice (AN) is issued to provide guidance on the revised administrative offset regulations that will be effective May 25, 1990.

COMPARISON WITH PREVIOUS AN: The administrative offset program was suspended December 7, 1987. All AN's relating to the program have expired.

IMPLEMENTATION RESPONSIBILITIES: The revised FmHA Instruction 1951-C permits administrative offset against moneys that would otherwise be paid by other Federal agencies, including retirement funds, pension payments and payments from the Commodity Credit Corporation (CCC), the Agricultural Stabilization and Conservation Service (ASCS), and the Soil Conservation Service (SCS), to delinquent FmHA borrowers and other entities indebted to the Agency. A major change to the administrative offset regulations includes a provision that the borrower can claim a hardship will occur if offset is taken. Also, FmHA Form Letter 1951-2 is obsolete and will no longer be used. FmHA Form Letter 1951-C-1 will be sent to all borrowers recommended for administrative offset. This Form Letter (previously called FmHA Form Letter 1951-1) has been revised and the new version will be distributed shortly. Do not use the old Form Letter 1951-1. Forms FmHA 1951-16 and 1951-17 used for reporting administrative offset activity will also be distributed shortly.

On May 25, 1990, when the revised administrative offset regulations take effect, you may begin the administrative offset process on only those borrowers who had NOT been referred for administrative offset between November 26, 1986, to December 7, 1987. Only NEW administrative offset candidates may be considered at this time. In the near future, the National Office will advise you of procedures to be taken concerning those borrowers who had been offset or previously referred for offset and still have an FmHA Form Letter 1951-3 pending at an ASCS office.

EXPIRATION DATE: May 31, 1991

FILING INSTRUCTIONS: Preceding FmHA
Instruction 1951-C



At the request of ASCS, FmHA is revising Form Letter 1951-C-3 (previously called FmHA Form Letter 1951-3), which refers a borrower to another Federal agency for administrative offset. A Procedure Notice will be issued shortly which will include this revised form letter. DO NOT use the current FmHA Form Letter 1951-3 to refer borrowers to ASCS as they will not accept it. By the time you have determined that a borrower is eligible for administrative offset and have sent by certified mail Form Letter 1951-C-1 to that borrower giving a 30-day due process notice, you will have the revised Form Letter 1951-C-3 to refer that borrower for offset.

In FmHA Instruction 1951-C, §1951.103(e), it states that "[t]he National Office will provide guidance to FmHA County Supervisors as needed on the kinds of payments under other major Federal programs that will not be subject to offset." Any cost-share payments made under the following ASCS programs will not be offset because it would interfere with the purpose of these programs:

Conservation Reserve Program
Agricultural Conservation Program
Forestry Incentives Program
Emergency Conservation Program
Colorado River Basin Salinity Control Program
Rural Clean Water Program
Water Bank Program
Tree Assistance Program
Forage Assistance Program

If there are any subsequent noncost-share payments associated with these programs, they will be subject to offset.

If you have any questions, please call Jeanne Hudec at (202) 382-8356 or FTS 382-8356.



LA VERNE AUSMAN
Administrator

Sent by Time Delay Option to States at 12:00 pmon 5/24/90 ; to Districts at 2:00 pmon 5/24/90 ; and to Counties at 4:00 pm on 5/24/90 by ASD.